

Note: Not all states impose all tax types. If you selected a topic and no results appear for one or more states selected; those states do not impose that particular tax.

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+ Business Income Tax > Group Filing Requirements and Options > Combined Reporting > Elective Combination

— Business Income Tax > Group Filing Requirements and Options > Combined Reporting > Mandatory Combination

In a typical combined report, the business income of members of a unitary group is combined, intercompany transactions are eliminated, and the combined business income is apportioned among the states based on group-level apportionment percentages. Some states provide for a form of combined reporting known as worldwide combined reporting, which takes into account the business income of all members of a unitary group, including foreign affiliates. Some states employ a more limited form of combined reporting generally referred to as water's-edge reporting, under which unitary group members that are incorporated in a foreign country or that conduct most of their business abroad are excluded from the combined report. Under separate reporting, each legally distinct corporate entity's income is treated separately for tax purposes. This chart indicates whether each state requires any corporations to report their income on either a worldwide or water's-edge combined basis, or allows corporations to elect between these two methods. This chart does not discuss whether states allow corporations an option to elect combined reporting when not mandated. Elective combined reporting is covered under the topic Group Filing Requirements and Options > Combined Reporting > Elective Combination.

Jurisdiction	Mandatory Combination	Comment	Citation	CCH ¶
Alabama	No, separate reporting required.		Alabama Code §40-18-39, Dravo Corporation v. State of Alabama Department of Revenue	Alabama 11-550
Alaska	Yes, water's-edge combined reporting required for affiliated corporations engaged in a unitary business. Worldwide combined reporting required for oil and gas corporations.	Foreign affiliates are excluded unless: • 20% or more of affiliate's average property, payroll, and sales factors are assigned to a location within U.S.; or • affiliate is a tax-haven corporation.	Alaska Stat. §43.20.031 (i), Alaska Stat. §43.20.073, Alaska Admin. Code tit. 15 §20.300, Alaska Admin. Code tit. 15 §20.330, Form 6000 Instructions, Corporation Net Income Tax Return	Alaska 11-550
Arizona	Yes, water's-edge combined reporting required for unitary businesses that derive income from sources within and outside of the state, unless election is made to file a consolidated return.		Ariz. Rev. Stat. §43-1132, Rev. 15-2D-401, Form 120 Instructions, Corporation Income Tax Return	Arizona 11-550
Arkansas	No, separate reporting required.		Form AR1100CT Instructions, Corporation Income Tax Return	Arkansas 11-550
California	Yes, worldwide combined reporting required for unitary businesses that derive income from sources within and outside of the state, unless a water's-edge election is made.	Foreign affiliates may be excluded by making a water's-edge election. Form 100-WE is used to make a water's-edge election. Form 100W is used to file a water's-edge return.	Cal. Rev. & Tax Code §25101, Cal. Rev. & Tax Code §25102, Cal. Rev. & Tax Code §25110, FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report	California 11-550
Colorado	Yes, water's-edge combined reporting required for affiliated corporations that meet three or more parts of six-part test for current and two preceding years.	Foreign affiliates are excluded if 80% or more of affiliate's average property and payroll factors are assigned to locations outside the U.S.	Colo. Rev. Stat. §39-22-303(8) and (11), Reg. 39-22-303.8, Reg. 39-22-303.11(a), FYI Income 60	Colorado 11-550

Connecticut	No		<u>Conn. Gen. Stat. §12-218d, Conn. Gen. Stat. §12-223a, Form CT-1120U Instructions, Unitary Corporation Business Tax Return</u>	<u>Connecticut 11-550</u>
Delaware	No, separate reporting required.		<u>Form 1100 Instructions, Corporate Income Tax Return</u>	<u>Delaware 11-550</u>
District of Columbia	Yes, water's-edge combined reporting required for tax years beginning after 2010 for unitary businesses, unless a worldwide unitary combined reporting election is made.	Separate reporting required for tax years beginning before 2011.	<u>D.C. Code Ann. §47-1805.02a, D.C. Code Ann. §47-1810.07</u>	<u>District of Columbia 11-550</u>
Florida	No, separate reporting required.		<u>Fla. Stat. ch. 220.22</u>	<u>Florida 11-550</u>
Georgia	No, separate reporting required.		<u>Ga. Code Ann. §48-7-21, Ga. Comp. R. & Regs. R 560-7-3-.13</u>	<u>Georgia 11-550</u>
Hawaii	Yes, water's-edge combined reporting required for unitary businesses, unless another method is permitted to fairly represent extent of taxpayer's business activity in the state.		<u>Haw. Admin. Code §18-235-22-03, Haw. Admin. Code §18-235-38.5-02(b)</u>	<u>Hawaii 11-550</u>
Idaho	Yes, worldwide combined reporting required for unitary businesses with more than 50% common ownership that transact business within and outside the state, unless a water's-edge election is made.	Foreign affiliates may be excluded under water's-edge election, unless included in federal return. Water's-edge election is made on Form 14.	<u>Idaho Code §63-3027 (i), Idaho Code §63-3027B(a), Rule 35.01.01.600 et seq., Guide to Combined Reporting</u>	<u>Idaho 11-550</u>
Illinois	Yes, water's-edge combined reporting required for unitary businesses.	Foreign affiliates are excluded if 80% or more of affiliate's property and payroll are outside the U.S.	<u>35 ILCS 5/502(e), 35 ILCS 5/1501(a)(27), 86 Ill. Adm. Code Sec. 100.5200</u>	<u>Illinois 11-550</u>
Indiana	No		<u>Ind. Code §6-3-2-2(o), Ind. Code §6-3-2-2(p), Form IT-20 Instructions, Corporate Adjusted Gross Income Tax Return</u>	<u>Indiana 11-550</u>
Iowa	No, separate reporting required.		<u>Iowa Code §422.32(1)</u>	<u>Iowa 11-550</u>
Kansas	Yes, water's-edge combined reporting required for corporations conducting a unitary business both within and outside the state.	Schedule K-121 must be filed with returns.	<u>Kan. Admin. Regs. 92-12-77, Kan. Admin. Regs. 92-12-110, In re: Morton Thiekol, Inc., Form K-120 Instructions, Corporate Income Tax Return</u>	<u>Kansas 11-550</u>
Kentucky	No, separate reporting required.		<u>Ky. Rev. Stat. Ann. §141-200(10) and (15), 103 KAR 16:200</u>	<u>Kentucky 11-550</u>
Louisiana	No, separate reporting required.		<u>La. Rev. Stat. Ann. §47:287.480(3)</u>	<u>Louisiana 11-550</u>
Maine	Yes, water's-edge combined reporting required for affiliated corporations engaged in unitary business if more than 50% common ownership exists.	Corporations not required to file a federal return are excluded. Form CR must be attached to returns.	<u>Me. Rev. Stat. Ann. tit.36, §5102(1-B) and (8), Me. Rev. Stat. Ann. tit.36, §5220(5), Me. Rev. Stat. Ann. tit.36, §5244, Code Me. R. §810</u>	<u>Maine 11-550</u>

		<p><u>Tax years after 2005 and before 2011:</u> Pro-forma water's edge combined returns required for members of any affiliated corporate group, specifying:</p> <ul style="list-style-type: none"> • difference between income tax computed using double-weighted sales factor and income tax computed using single sales factor where sales throwback rule was applicable; • amount and source of nonoperational income that was not apportionable to the state; and • if corporation was commercially domiciled in state, difference in tax where 100% of nonoperational income was allocated to the state. 		
Maryland	No, separate reporting required.		<p><u>Md. Code Ann. §10-804.1, Md. Regs. Code tit. 3, §03.04.03.03</u></p>	<p><u>Maryland 11-550</u></p>
Massachusetts	Yes, water's-edge combined reporting required for unitary businesses, unless worldwide election is made.	Foreign affiliates are excluded if the average of the affiliate's property, payroll, and sales factors outside the U.S. is 80% or more.	<p><u>Mass. Gen. Laws ch. 63, §32B, Mass. Regs. Code tit. 830, §63.32B.2</u></p>	<p><u>Massachusetts 11-550</u></p>
Michigan	Yes, water's-edge combined reporting required by unitary business groups for Michigan Business Tax (MBT) purposes in tax years after 2007 and for corporate income tax purposes in tax years after 2011.		<p><u>Mich. Comp. Laws §206.691, Mich. Comp. Laws §208.1117(6), Mich. Comp. Laws §208.1511, Revenue Administrative Bulletin 2013-1, Revenue Administrative Bulletin 2010-1, Revenue Administrative Bulletin 2010-2, Form 4567, Michigan Business Tax Annual Return, Form 4580, Unitary Business Group Combined Filing Schedule for Standard Members, Form 4891, Corporate Income Tax Annual Return</u></p>	<p><u>Michigan 11-550</u></p>
Minnesota	Yes, water's-edge combined reporting required for unitary businesses that have nexus with the state.		<p><u>Minn. Stat. §290.17(4), Rule 8019.0405, Minn. Rules, Caterpillar, Inc. v. Commissioner of Revenue</u></p>	<p><u>Minnesota 11-550</u></p>
Mississippi	No		<p><u>Miss. Code Ann. §27-7-37, Miss. Reg. 35.111.8.07, Form 83-100 Instructions, Corporate Income and Franchise Tax Forms</u></p>	<p><u>Mississippi 11-550</u></p>
Missouri	No, separate reporting required.		<p><u>Mo. Code Regs. Ann. tit. 12, §10-2.075(66)</u></p>	<p><u>Missouri 11-550</u></p>
Montana	Yes, worldwide combined reporting required for unitary businesses, unless a water's-edge election is made.	Foreign affiliates may be excluded by making a water's-edge election, unless more than 20% of affiliate's property and payroll are assigned to a location within U.S. or affiliate is incorporated in tax-haven jurisdiction. Form WE-Elect	<p><u>Mont. Code Ann. §15-31-322, Mont. Admin. R. 42.26.302, Mont. Admin. R. 42.26.311</u></p>	<p><u>Montana 11-550</u></p>

		must be filed within the first 90 days of the tax year (or by the end of the tax period for tax periods of less than 90 days) for which the election is to become effective.		
		Foreign affiliates are included if subject to the requirements of IRC § 243 in order for their distributions to qualify for the dividends-received deduction.		
Nebraska	Yes, water's-edge combined reporting required for unitary businesses that derive income from business activity taxable within and outside the state.		Neb. Rev. Stat. §77-2734.04(10), Neb. Admin. Code 24-053	Nebraska 11-550
Nevada	N/A, because state does not tax general business corporation income.			Nevada 10-001
New Hampshire	Yes, water's-edge combined reporting required for unitary businesses.	Foreign affiliates are excluded if 80% or more of affiliate's property and payroll are assigned to locations outside U.S. and additional certification and reporting requirements are met. Form NH-1120-WE is used to file a water's-edge return.	N.H. Rev. Stat. Ann. §77-A:1(XVI), N.H. Rev. Stat. Ann. §77-A:2-b(II), N.H. Rev. Stat. Ann. §77-A:6(IV), Instructions, Form NH-1120-WE, Combined Business Profits Tax Return	New Hampshire 11-550
New Jersey	No, separate reporting required.		N.J. Admin. Code tit.18, §7-11.15	New Jersey 11-550
New Mexico	Yes, water's-edge combined reporting required for tax years beginning after 2013 for unitary businesses providing retail sales of goods in a facility of more than 30,000 square feet under one roof in state, unless taxpayer has non-retail operations in state that employ at least 750 employees.		N.M. Stat. Ann. §7-2A-8.3(A), (D), N.M. Admin. Code tit.3, §3.4.10.11	New Mexico 11-550
New York	Yes, water's-edge combined reporting required for related corporations with substantial intercorporate transactions, regardless of the transfer price for such intercorporate transactions.	Form CT-3-A is used to file on a combined basis. For tax years after 2014, full unitary water's-edge combined reporting is adopted with an ownership requirement of more than 50%.	N.Y. Tax Law, §210-C, N.Y. Tax Law, §211(4), Reg. Sec. 6-2.3, Reg. Sec. 6-2.5	New York 11-550
North Carolina	No, separate reporting required.		N.C. Gen. Stat. §105-130.14	North Carolina 11-550
North Dakota	Yes, worldwide combined reporting required for affiliated corporations engaged in unitary business if more than 50% common ownership exists, unless a water's-edge election is made.	Foreign affiliates are included unless a water's-edge election is made and 80% or more of affiliate's property and payroll are assigned to locations outside U.S.	N.D. Cent. Code §57-38.4-02, N.D. Cent. Code §57-38-14(6), N.D. Admin. Code §81-03-05.2-03, N.D. Admin. Code §81-03-05.3-02, N.D. Admin. Code §81-03-09-08	North Dakota 11-550
Ohio	Commercial Activity Tax (CAT): Yes, worldwide combined reporting required for corporations with more than 50% common ownership and nexus with the state, unless consolidated or separate filing is elected and approved. Franchise Tax: No	Combined taxpayers may not exclude receipts between members of the group for purposes of the CAT. Group members, other than the primary taxpayer, may request approval for separate filing together with the primary taxpayer using Form CAT RTFS.	Ohio Rev. Code Ann. §5733.052, Ohio Rev. Code Ann. §5751.012, Ohio Admin. Code §5703-5-06, Ohio Admin. Code §5703-29-02	Ohio 11-550, Ohio 14-070
Oklahoma	No, separate reporting required.		Okla. Admin. Code §710:50-17-34	Oklahoma 11-550
Oregon	No, separate reporting required.		Or. Rev. Stat. §317.710	Oregon 11-550

Pennsylvania	No, separate reporting required.		72 P.S. §7404	Pennsylvania 11-550
		Tax years after 2010 and before 2013: Pro forma water's-edge combined reporting required for members of a unitary business, specifying:		
		<ul style="list-style-type: none"> • difference in tax owed as a result of filing combined report compared to tax owed under separate filing requirements; • difference in tax owed as a result of using combined reporting single sales factor apportionment method as compared to tax owed using current three-factor apportionment method; • volume of sales in state and worldwide; and • taxable income in state and worldwide. 		
Rhode Island	Applicable to tax years beginning after 2014, combined reporting required for unitary businesses.		R.I. Gen. Laws §44-11-4.1, R.I. Gen. Laws §44-11-45, R.I. Code R. CT 12-15	Rhode Island 11-550
South Carolina	No, separate reporting required.		Technical Advice Memorandum 89-22	South Carolina 11-550
South Dakota	N/A, because state does not tax general business corporation income.			South Dakota 14-001
Tennessee	No, except water's-edge combined reporting required for unitary groups of financial institutions, captive REIT affiliated groups, and hospital companies.		Tenn. Code Ann. §67-4-2006(a)(3) and (9), Tenn. Code Ann. §67-4-2007(e), Tenn. Code Ann. §67-4-2014	Tennessee 11-550
Texas	Revised franchise (margin) tax: Water's-edge combined reporting required for affiliated groups engaged in a unitary business. Franchise tax: No	Foreign affiliates excluded if 80% or more of affiliate's property and payroll are assigned to locations outside U.S..	Tex. Tax Code Ann. §171.1014, 34 Tex. Admin. Code §3.544(c)	Texas 11-550
Utah	Yes, water's-edge combined reporting required for affiliated corporations engaged in a unitary business, unless worldwide combined reporting election is made.	Foreign corporations are excluded from the water's-edge report unless 20% or more of their total business activity is in the U.S.	Utah Code Ann. §59-7-101(28), Utah Code Ann. §59-7-402, Utah Code Ann. §59-7-403	Utah 11-550
Vermont	Yes, water's-edge combined reporting required for affiliated corporations engaged in unitary business if more than 50% common ownership exists.	Foreign affiliates are excluded if 80% or more of affiliate's property and payroll are assigned to locations outside U.S. Form CO-411-U is used to file a combined report.	Vt. Stat. Ann. tit 32, §5811(22), (23), and (24), Vt. Stat. Ann. tit 32, §5862(d), Reg. Sec. 1.5862(d)-4	Vermont 11-550
Virginia	No		Va. Code Ann. §58.1-442, Va. Code Ann. §58.1-443, 23 VAC 10-120-320	Virginia 11-550
Washington	N/A, because state does not tax general business corporation income.			Washington 10-001
West Virginia	Yes, water's-edge unitary combined reporting required for tax years beginning after 2008, unless worldwide combined reporting election is made or such method is required by the state.	Water's edge unitary combined reporting takes into account income and apportionment factors of members that meet certain requirements, including:	W. Va. Code §11-24-13a(j), W. Va. Code §11-24-13f	West Virginia 11-550

		<ul style="list-style-type: none"> • members incorporated in U.S. or its territories; • members with 20% or more U.S. apportionment factors; • DISCs, foreign sales corporations, and export trade corporations • members with business income effectively connected with trade or business within U.S.; • controlled foreign corporations; • intangible holding companies; and • members doing business in tax-haven jurisdictions. 		
Wisconsin	Yes, water's-edge combined reporting required for tax years after 2008 for corporations engaged in a unitary business.	Foreign corporations are excluded if 80% or more of the corporation's worldwide income is active foreign business income, unless the corporation elected to be included in a federal consolidated return, in which case it will be treated in the same way as a domestic corporation.	<u>Wis. Stat. §71.255,</u> <u>Wis. Admin. Code</u> <u>§2.61, Form 4</u> Instructions for Combined Returns	<u>Wisconsin 11-550</u>
Wyoming	N/A, because state does not tax general business corporation income.			<u>Wyoming 10-001</u>

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